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"WHITE PAPER" REPORTS — ELECTRONIC PAYMENTS CONSULTING — EXPERT WITNESS — CONFERENCES AND SEMINARS

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December 12, 1997

Ms. Cynthia L. Johnson
Director of Cash Management Policy
and Planning Division, Rm. 420
U.S. Department of Treasury
401 14th Street, SW
Washington, DC 20227

Re: Sub-accounts for EBT Recipients
(31 CFR Part 208: Management of
Federal Agency Disbursements)

Dear Cindy:

In my opinion, an area of great promise for handling the EBT payments to the 10 million recipients in an all electronic low cost "sub-account" deposit structure that many financial executives do not understand.

This is an electronic payment approach that has been developed by PayChex, (a Rochester, NY payroll processor) with MasterCard International and Citibank in Florida. Net payroll amounts are deposited in a corporate master demand deposit account with sub-accounts for each individual being paid. The recipient is issued a debit card that can be used to draw out their funds at point-of-sale or automated teller machine locations up to the total funds in their account. The accounts are subsidized by the transaction discounts paid by retailers.

David Pinch of PayChex has explained this service at several of our conferences and seminars. Since so many financial executives still do not understand these sub-accounts, I suggest FMS clearly explain how EBT should function with the use of sub-accounts in the up coming rules. In that way, there may be more organizations realizing how they might participate in servicing EBT accounts.

Sincerely,



George C. White

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